



BEFORE THE ARIZONA CORPORAT

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE MATTER OF: )

TRI-CORE COMPANIES, LLC an Arizona )  
limited liability company, et al., )

DOCKET NO.  
S-20867A-12-0459

Respondents. )

At: Phoenix, Arizona

Date: May 8, 2014

Filed:

**MAY 29 2014**

RECEIVED  
2014 MAY 29 PM 12:12  
CLERK OF SUPERIOR COURT  
DOCKET CONTROL

**REPORTER'S TRANSCRIPT OF PROCEEDINGS**

**VOLUME IX**

**(Pages 1050 through 1121, inclusive.)**

Arizona Corporation Commission

**DOCKETED**

MAY 29 2014

DOCKETED BY

**COASH & COASH, INC.**

Court Reporting, Video & Videoconferencing  
1802 N. 17th Street, Phoenix, AZ 85006  
602-258-1440 mh@coashandcoash.com

By: KAREN L. KESSLER, RPR  
Certified Reporter  
Certificate No. 50821

Prepared for:

**ACC**

**ORIGINAL**

# For Internal & Interagency Use *ONLY*

Pursuant to the contract with Coash &  
Coash transcripts are available  
electronically for internal agency use only.

Do not copy, forward or transmit outside of  
the Arizona Corporation Commission.

1

## INDEX TO EXAMINATIONS

2

## WITNESSES

PAGE

3

JIM HINKELDEY

4

Continued Cross-Examination by Ms. Luedtke

1053

Examination by ALJ Stern

1075

5

Recross-Examination by Ms. Luedtke

1103

Redirect Examination by Mr. Mogler

1112

6

JESSICA LAUREN HOGAN - Rebuttal

7

Direct Examination by Ms. Luedtke

1113

8

Examination by ALJ Stern

1117

Redirect Examination by Ms. Luedtke

1118

9

Cross-Examination by Mr. Mogler

1119

10

11

12

13

14

## INDEX TO EXHIBITS

15

NO.

DESCRIPTION

IDENTIFIED ADMITTED

16

NONE

17

18

19

20

21

22

23

24

25

1           BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, in Hearing Room 2 of  
4 said Commission, 1200 West Washington Street, Phoenix,  
5 Arizona, commencing at 1:03 p.m., on the 8th of May,  
6 2014.

7

8

BEFORE:    MARC E. STERN, Administrative Law Judge

9

10 APPEARANCES:

11 For the Arizona Corporation Commission, Securities  
12 Division:

12

13           Ms. Stacy Luedtke  
14           Staff Attorney, Securities Division  
15           1300 West Washington Street  
16           Phoenix, Arizona 85007

15

For Tri-Core Companies and Jason Todd Mogler:

16

17           Mr. Jason Mogler, Pro Per  
18           One East Washington, Suite 500  
19           Phoenix, Arizona 85004

18

19

20

21

22

23

KAREN L. KESSLER, RPR  
Certified Reporter  
Certificate No. 50821

24

25

1 ALJ STERN: We're back on the record in the case  
2 of Tri-Core Companies.

3 We'll take appearances at this time.

4 And for the Securities Division?

5 MS. LUEDTKE: Stacy Luedtke.

6 ALJ STERN: And for the Tri-Core entities and  
7 Mr. Mogler?

8 MR. MOGLER: Mr. Mogler, Jason Mogler.

9 ALJ STERN: Okay.

10 MR. MOGLER: Thank you, sir.

11 ALJ STERN: And at this time, I think we're  
12 continuing with the cross-examination of Mr. Hinkeldey.

13 MS. LUEDTKE: Correct.

14 ALJ STERN: Okay.

15

16 CONTINUED CROSS-EXAMINATION

17 BY MS. LUEDTKE:

18 Q. Mr. Hinkeldey, I was asking you, I think we may  
19 have briefly moved on, but I want to go back and ask you  
20 a couple of questions about the private placement  
21 memorandum that was dated February of 2008, related to  
22 Lot 5.

23 Do you remember that testimony that you gave  
24 yesterday regarding that offering?

25 A. Uh-huh.

1 Q. Is that a yes?

2 A. Yes. I'm sorry.

3 Q. And I believe you indicated that you were aware  
4 of it, but you did not participate in putting that  
5 private placement memorandum together.

6 And if you want to take a look at it, it's  
7 S-128.

8 ALJ STERN: What exhibit is that again?

9 MS. LUEDTKE: S-128.

10 THE WITNESS: Yeah, Ms. Luedtke, I know  
11 yesterday I said that I participated in all of the  
12 credit memorandums, PPMs. The, I'm going through them,  
13 I think the -- I'd have to go through each one to see,  
14 try to refresh my memory on each one. As I look at this  
15 right now, my gut answer is no. But, again, with all  
16 the PPMs, especially back in '07, '08, and '09, I really  
17 should just read them entirely, to answer your question.

18 I know I participated in certain ones, like I  
19 said, Lot 47, and I participated with, I participated  
20 with -- can you still hear me.

21 BY MS. LUEDTKE:

22 Q. Yes.

23 A. Okay. And I participated in oh, gosh, C&D  
24 Construction Services. And the amount of my  
25 participation is pretty much what Tony dictated the

1 terms, and so forth, and all that stuff were.

2 So to correct what I said yesterday, I would  
3 really love -- it's not correct for me, on the cuff, to  
4 say I remember a document this big written '07, '08, or  
5 '09.

6 Q. Do you know who else put that private placement  
7 memorandum together?

8 A. No, I don't.

9 Q. It had to have been someone at Tri-Core  
10 Companies, correct?

11 A. Uh-huh, yes.

12 Q. So that would have been Mr. Mogler or yourself?

13 A. No. Other people, other people put them  
14 together.

15 Q. Like who?

16 A. There's a gentleman, for a while -- his name was  
17 Dennis Narcisco, and he was there '07 or '08, in that  
18 range. And I'm referring back to the time when we were  
19 in Vince Gibbons' offices, which would have been  
20 Tri-Core Engineering. So he, I know he did certain  
21 ones. Someone else did the original Tri-Core Mexico  
22 Land Development, which was the original total Lot 5,  
23 but it wasn't me. I forget who did it, but it wasn't  
24 me.

25 ALJ STERN: Can I ask a question?

1 THE WITNESS: Sure, sir.

2 ALJ STERN: When did you become a consultant  
3 with the Tri-Core Companies, or was it Tri-Core Mexico?  
4 What did you start with as a consultant?

5 THE WITNESS: I started as a consultant with,  
6 when Jason Mogler and Vince Gibbons --

7 ALJ STERN: Okay.

8 THE WITNESS: -- at -- I'm sorry.

9 ALJ STERN: Well, I mean --

10 THE WITNESS: I was going to give you the time  
11 frame.

12 ALJ STERN: Okay. Give me a time frame.

13 THE WITNESS: And that was back when it was for  
14 mortgage lending. They put together a net mortgage  
15 banking broker company, and that's when they asked me to  
16 come in and consult. And I'm going to say that time  
17 frame was '06, '07-ish. I forget off the top of my  
18 head, but it was roughly about that time.

19 ALJ STERN: Well, who was compensating you?  
20 Were you being paid for this?

21 THE WITNESS: Yes, I was being compensated. I  
22 believe it was through, it was either Tri-Core Lending  
23 or Tri-Core Business Development. I forget the entity.  
24 And sometimes I believe it might have been -- no, it was  
25 either Tri-Core Business Development or Tri-Core



1 Lending.

2 ALJ STERN: Well, I mean, was one of these, did  
3 somehow, someway, a law firm or some people involved in  
4 the legal business do the initial placement memorandum  
5 in one of these entities or something, do you know?

6 THE WITNESS: No. Not to my knowledge, sir, no.

7 ALJ STERN: Well, how did these get created?  
8 Was it a cut and paste thing?

9 THE WITNESS: Yeah. The first one was created,  
10 from what I remember, from a website, Reg D Resources.

11 ALJ STERN: Reg D Resources?

12 THE WITNESS: Yes. It's a website.

13 ALJ STERN: Okay. And it shows you how to put  
14 together a private placement memorandum --

15 THE WITNESS: Yes. That person put it together  
16 on there. And I think it cost a couple hundred dollars.

17 ALJ STERN: Okay. And you just -- and somebody  
18 provides them with the information concerning the  
19 offering, and then they put it together?

20 THE WITNESS: Yeah. Basically what they do,  
21 it's almost like a Word document, as I remember, and  
22 what they do is they give it to you and you kind of fill  
23 it in, and they say do you want it to be a -- they give  
24 it first option, do you want it to be a, what type do  
25 you want, like a 506, 505, and so forth. So you hit

1 this, and it says, this is what this tells you. And  
2 then it goes to this is a, in the form of an equity or  
3 would it be a loan, and then you pop that, and then up  
4 comes the document itself.

5 ALJ STERN: Who prints it out? Do you print it  
6 out at your own --

7 THE WITNESS: Yes. It's printed out in the  
8 office, yes, sir.

9 ALJ STERN: In your own office, you print it  
10 out.

11 THE WITNESS: Yes, sir.

12 ALJ STERN: And then just put it together as a  
13 booklet form.

14 THE WITNESS: Uh-huh, yes.

15 ALJ STERN: Okay. Go ahead. Sorry to  
16 interrupt.

17 BY MS. LUEDTKE:

18 Q. Okay. So going back to my original question.

19 A. Yes.

20 Q. You can't recall if you put together,  
21 specifically, the PPM, an example of which is at S-128?

22 A. Correct.

23 Q. Do you know, when a PPM was issued by Tri-Core  
24 Companies, when Tri-Core Companies was the actual issuer  
25 named in that private placement, who at Tri-Core

1 Companies would finalize the document and say, it's good  
2 to be sent out and offered to various individuals?

3 A. Well, I would -- it would be me, or I would sit  
4 with someone else, we'd talk about it. On the average,  
5 that would be it. On the norm, that would be it.

6 Q. So you were the one that had final approval  
7 power?

8 A. No. We just kind of went over and made sure  
9 that it was all correct. And it was kind of collective.  
10 It wasn't specifically myself. And on certain ones,  
11 like the original ones, I was not involved with, that  
12 was another gentleman.

13 Q. What do you mean the original ones?

14 A. Sorry. As I was saying, for Tri-Core Mexico  
15 Land Development.

16 Q. You weren't involved in that?

17 A. No. I can definitely say that I did the second  
18 offering on there. If you remember where it was  
19 purchased from -- I'm sorry -- where it was purchased  
20 from -- the original 47, the second 47, I did. That one  
21 I did.

22 Q. Okay.

23 A. I can only say that one I know, 101 percent, I  
24 did.

25 Q. So you said it could either be you or someone

1 else in the office that could do the final approval?

2 A. Uh-huh.

3 Q. Who else --

4 A. Well, there's really no final approval. We just  
5 kind of proof read it, it all seemed good, and off it  
6 went.

7 Q. Who participated in putting the content into the  
8 Tri-Core Companies?

9 A. In the case of C&D Construction?

10 Q. No. Just Tri-Core Companies.

11 A. Oh. I'm sorry. Tri-Core Companies, we would  
12 talk about the terms --

13 Q. Who is we?

14 A. I'm sorry. Jason Mogler and myself. We would  
15 talk about the terms, and it would be, that would be the  
16 foundation.

17 Q. All right.

18 A. I might have talked about it with Brian Buckley  
19 too.

20 Q. At the time of the private placement, the  
21 February 2008 private placement that was issued by  
22 Tri-Core Companies in Lot 5, the one you're looking at  
23 up there --

24 A. Yes, ma'am.

25 Q. -- S-128, at the time it was offered in 2008,

1 Tri-Core Companies did not own Lot 5, correct?

2 A. No. There was, that was the title issue, yes.

3 Q. And you testified earlier that what would have  
4 been offered with this private placement, or what was  
5 intended to be offered, was actually parcel 5 of Lot 5,  
6 which you were supposed to be getting from Tri-Core  
7 Mexico Land Development, correct?

8 A. Yes, ma'am.

9 Q. So it wasn't the entirety of parcel 5 that  
10 investors would be invested in or get security in, it  
11 would only be parcel 5?

12 A. Yes, ma'am.

13 ALJ STERN: I just want to make sure I  
14 understand this.

15 When you're saying parcel 5 of Lot 5, and this  
16 is 2008, right?

17 MS. LUEDTKE: Correct.

18 ALJ STERN: And this is the, the private  
19 placement memorandum created by Tri-Core Companies --

20 MS. LUEDTKE: Yes.

21 ALJ STERN: -- not Tri-Core Mexico?

22 MS. LUEDTKE: No. He said that he wasn't  
23 involved with that one, so I couldn't ask him questions  
24 about that.

25 ALJ STERN: Okay.

1 BY MS. LUEDTKE:

2 Q. And to date, up to the present, Tri-Core  
3 Companies still does not have any ownership interest in  
4 parcel 5 of Lot 5 because of the title issue that's  
5 ongoing?

6 A. Correct.

7 Q. Do you know how many acres, total, Lot 5 is?

8 ALJ STERN: Are we talking Lot 5 or parcel 5?

9 MS. LUEDTKE: Just Lot 5.

10 THE WITNESS: And I'm reading this here as  
11 you're saying it, as you're asking, Stacy, here it says  
12 the company has acquired the 250 acre plus Lot 5.

13 To me, and that's where I get confused with  
14 this, this is to me, the entire parcel of Lot 5.

15 BY MS. LUEDTKE:

16 Q. Parcel 5 would be one-fifth of that.

17 A. Approximately, yes, to the to the best of my  
18 knowledge. But this, to me, is the entire lot. And  
19 that was always a point of confusion to me.

20 Q. You're aware that money was raised from  
21 investors with respect to this PPM for Lot 5?

22 A. Yes, I am.

23 Q. What were the investor funds used for?

24 A. It was going to be to purchase Lot 5 of parcel  
25 5 -- parcel 5 of Lot 5.

1 Q. And to date, where is that money? Because you  
2 indicated that Tri-Core Companies doesn't really have  
3 anything currently, correct?

4 A. Correct. Uh-huh.

5 Q. Where, what happened to that investor money if  
6 it wasn't used? Obviously, with the title issue, it  
7 hasn't been used to purchase --

8 A. I cannot answer that.

9 Q. You don't know where that money went?

10 A. No.

11 Q. Do you have any input on the accounting or  
12 internal accounting for the investor funds at Tri-Core  
13 Companies?

14 A. The accounting is not handled by me. That was  
15 by -- no, I'm sorry. I'm answering your question  
16 incorrectly.

17 Jason Mogler and I would talk about different  
18 things. So it would be a conversation he and I might  
19 have.

20 Q. Do you recall at all any discussion about what  
21 happened to investor funds for the February 2008  
22 offering?

23 A. No, ma'am, I don't. That was back in '08.

24 Q. Well, I mean currently.

25 A. Currently, no, ma'am, I don't.

1 ALJ STERN: How much was raised, approximately,  
2 from that?

3 THE WITNESS: I couldn't even tell you, sir.

4 ALJ STERN: What was intended to be raised from  
5 the PPM? If you know.

6 THE WITNESS: 3.5 million.

7 ALJ STERN: Okay.

8 BY MS. LUEDTKE:

9 Q. You were a member of -- you were and are a  
10 member of Tri-Core Companies, and you were a consultant  
11 for Tri-Core Business Development; is that correct?

12 A. Correct.

13 Q. How -- what did you do for Tri-Core Business  
14 Development?

15 A. We'll skip past the banking side, the mortgage  
16 banking side?

17 Q. Correct. In relation to this --

18 A. Sure. With things such as C&D Construction  
19 Services, where the contract existed between one party  
20 and Tri-Core Business Development, I would assist in  
21 putting the deal together, for lack of a better word,  
22 and, again, that's when Tri-Core Business Development  
23 had a contractual relationship with another entity.

24 Q. What about with respect to -- and I believe, and  
25 you can correct me if I'm wrong, but I believe that the



1 ERC and C&D Construction offering didn't start until  
2 2010, 2011. Does that sound correct?

3 A. I believe you're right, yes.

4 Q. The record could state something different,  
5 but --

6 A. No, I believe you're right.

7 Q. What about, what were you doing for Tri-Core  
8 Business Development in terms of the Mexican offerings,  
9 Mexican land offerings?

10 A. The only thing I would have been doing for  
11 Mexico Land Development, the thing I would have been  
12 doing for Mexico Properties, I'm sorry, would have been  
13 for the whole Lot 5, or the original Tri-Core Mexico  
14 Land, whatever it is, whatever it's called, Tri-Core  
15 Mexico Land Development, or something, LLC, I would have  
16 been assisting in that.

17 Q. What do you mean by assisting?

18 A. Talking to some of the, talking to attorneys and  
19 trying to say, okay, this makes sense, not sense, stuff  
20 like that. Trying to help move the thing, I guess,  
21 concisely, trying to help move it to fruition.

22 I was involved in, for example, I was involved  
23 in actually trying to get the proposed owner of it, and  
24 I forget his name, but it was a gentleman referred to  
25 as, he lives in San Diego and somewhere else, Jim

1 Stevens referenced him. And I would be -- I met with  
2 him in Nogales a few times, and I also met with him  
3 various times in San Diego as well.

4 So that's what I'm trying to say. I was trying  
5 to help bring this to a successful conclusion for all  
6 parties concerned.

7 Q. And were you a 1099 independent contractor for  
8 Tri-Core Business Development?

9 A. Yes, I was.

10 Q. What did you do for ERC Compactors, LLC? You  
11 were a member, correct?

12 A. Yes, I was.

13 Q. Or are. I don't know.

14 A. Yes. I am, I still am, as far as I know.

15 Q. What did you do, or what do you do, for that  
16 company? If you need to differentiate, go ahead.

17 A. I'm sorry. Differentiate in what way?

18 Q. Between the different time periods.

19 A. Oh, okay. Tri-Core -- Compactors, I'm sorry --  
20 again, I believe that was 2010, towards the end of the  
21 year. And at that point in time, Tony Salazar wanted to  
22 go into, or Peter Anthony Salazar, wanted to go and  
23 pursue additional revenue by going and actually getting  
24 contracts, and so forth, with various companies, such as  
25 malls, or whatever, to put a compactor in there to

1 gather the cardboard and so forth. So what I did with  
2 that is help put that one together, and that's what I  
3 did.

4 Q. Were you compensated by ERC Compactors?

5 A. I'd have to look at my -- I don't think so. I  
6 don't think I was. I'd have to look at a paycheck, but  
7 I don't think I was.

8 Q. Going back to Tri-Core Companies -- well,  
9 Tri-Core Business Development -- obviously, the source  
10 of income for that entity was a consulting service that  
11 it did, correct?

12 A. Yes. From what I understand, yes.

13 Q. Were there any other sources of income that you  
14 were -- I understand that you were not a member manager  
15 of that company, but from what you knew when you were  
16 working there, were there any other sources of income  
17 for that entity?

18 A. Not that I'm aware of.

19 ALJ STERN: Which one are you talking about now?

20 MS. LUEDTKE: Tri-Core Business Development.

21 ALJ STERN: Okay.

22 BY MS. LUEDTKE:

23 Q. Now, Tri-Core Companies --

24 A. Okay.

25 Q. -- during the period 2007 to 2012, you were

1 obviously raising money through these PPMs, correct?

2 A. Yes. Money was raised via the PPMs. Was I  
3 personally, no, but yes.

4 Q. Other than raising money through the PPMs, was  
5 there any other revenue source for --

6 A. What was the --

7 Q. -- Tri-Core Companies?

8 A. Okay. I'm sorry. What was the time frame  
9 again, please?

10 Q. I guess I'm discounting any of the lending type  
11 of activities --

12 A. Oh, I'm not even including that, ma'am. That  
13 was gone by that time, as I remember.

14 Q. 2007 to 2012, does Tri-Core Companies have any  
15 other revenue source, other than funds raised from the  
16 PPM?

17 A. Yes. The other revenue sources would have been  
18 from ERC of Nevada, LLC.

19 Q. How does that work?

20 A. That was a company that was put together to  
21 capture -- do you want the long or short version?

22 Q. I just want to know why ERC of Nevada was  
23 providing any funds to Tri-Core Companies.

24 A. There was ownership in ERC of Nevada, and I  
25 forget all the different LLCs. I believe there was five

1 LLCs created by Polsinelli and Shughart. And via the  
2 asset purchase agreement, which was created by  
3 Polsinelli and Shughart, we acquired the assets of C&D  
4 Construction. And from that we were receiving revenue  
5 from all the recycling activities taking place in North  
6 Las Vegas, specifically Owens Street, where the yard  
7 was.

8 Q. Did you receive a percentage of that income, or  
9 all of it?

10 A. Well --

11 Q. When I say you, I meant Tri-Core Companies.

12 A. No, I know. I'm sorry.

13 Tri-Core Companies, it wasn't held in Tri-Core  
14 Companies. You'd have to look at, as I remember, it was  
15 held ERC -- and there were five different entities that  
16 were put together, four or five different entities put  
17 together by Polsinelli and Shughart to actually acquire  
18 it. So I cannot say, without seeing the flowchart put  
19 together by them at one point, whether Tri-Core  
20 Companies was receiving it, because I don't know if they  
21 fit in that mixture, or if it was all brand new LLCs.  
22 There was a flowchart that they did put together. God,  
23 I wish I could remember it.

24 Q. So as you sit here today, you're not sure if  
25 revenue from ERC of Nevada was actually coming into

1 Tri-Core Companies?

2 A. No, I'm not.

3 Q. We'll call that a maybe category.

4 A. Okay.

5 Q. Other than the funds from the PPMs and the ERC  
6 of Nevada maybe category, would there have been any  
7 other source of revenue for Tri-Core Companies between  
8 2007 and 2012?

9 A. Let me think for one second. Well, there was a,  
10 there was a company --

11 Q. Go ahead.

12 A. Okay. It's okay. There was a company called  
13 Phoenix Premium Properties that bought and sold  
14 property. But I don't think any revenue was ever  
15 received from that, because everything was held by a  
16 title company.

17 Q. So, again, another maybe category, not  
18 100 percent sure, correct?

19 A. Yes, ma'am.

20 Q. Any other sources of revenue?

21 A. Not that I can think of, no.

22 Q. You took a salary from Tri-Core Companies,  
23 correct?

24 A. Yes.

25 Q. What was that salary?

1 A. I believe it was 12,000 a month.

2 Q. And during what periods did you take that  
3 salary?

4 A. The exact start of that, I do not, I cannot  
5 answer it. In the beginning, I believe it was lower.  
6 And I don't know, if I'm correct in what I just said, I  
7 don't know what time it might have gone up.

8 Q. Were you aware that Mr. Mogler and the Tri-Core  
9 entities retained an expert accountant for purposes of  
10 this hearing?

11 A. Yes. He told me so, yes.

12 Q. And did you ever sit down with Mr. Davis, or  
13 anyone in his office, to --

14 A. No.

15 Q. -- discuss what they were putting together?

16 A. No, ma'am.

17 Q. Take a look at Exhibit S-258.

18 A. Okay.

19 Q. Give me one quick second.

20 A. Sure.

21 Q. On that first page of Exhibit S-258, do you see  
22 there is a category for payments to you?

23 A. Yes.

24 Q. Okay. And you see that the total between 2009  
25 and 2011 for you is approximately \$319,000?

1 A. Yes, I do.

2 Q. Does that sound about correct, the amount that  
3 you received from Tri-Core Companies? Would you have  
4 any reason to dispute that?

5 A. Without looking at my records --

6 Q. You don't know one way or another?

7 A. No. I truly don't. It doesn't sound  
8 unreasonable, but again, I'd have to look at my records  
9 to verify. I hope that makes sense. It's in the  
10 ballpark to me, I guess, is what I'm trying to say,  
11 Ms. Luedtke.

12 Q. Okay. I'm just looking for another page to have  
13 you look at.

14 There is, if you can go to, it's an exhibit to  
15 Mr. Davis' report, Exhibit 1-M, and I'm going to give  
16 you a Bates number so that you can find it. It's  
17 Mogler, underscore, 010008.

18 A. 01008. Okay.

19 Q. This is, reflects referral fees from 2009 to  
20 2011. Do you see that?

21 A. Yes, I do.

22 Q. What is Alternative Investments International,  
23 LLC?

24 A. I believe that is a company in Wisconsin. I'm  
25 positive it's a company in Wisconsin.



1 Q. How did referral fees with that Wisconsin  
2 company work?

3 A. They were compensated for what they sold. They  
4 were, I believe they were registered agents able to do  
5 this, Series 7, or something like that. So they  
6 received compensation accordingly.

7 Q. Was, other than the individuals at Alternative  
8 Investments International, were any of the other  
9 salespeople or individuals who received referral fees  
10 for the Tri-Core Companies' private placements, were  
11 they registered, as you put it?

12 A. I think that's the right term.

13 Q. I'm using your term.

14 A. Okay.

15 Q. Were you aware that any of them were registered  
16 under FINRA or with the State of Arizona?

17 A. No, ma'am, I was not.

18 Q. There's also some references to referral fees  
19 for Mr. Polanchek and his entity. Do you see those?

20 A. Yes, I do.

21 Q. What did Mr. Polanchek do for the company?

22 A. This was -- I don't know what he did in this to  
23 earn these fees.

24 ALJ STERN: How much?

25 THE WITNESS: One is 139,466, and the other is

1 166,575.

2 BY MS. LUEDTKE:

3 Q. There is also one there --

4 A. Oh, I'm sorry. \$64,656.25.

5 ALJ STERN: And then there was another number  
6 too before that?

7 THE WITNESS: The first one, Your Honor, was  
8 Casimer Polanchek, \$139,466. Then there was, the second  
9 one I see is Pangaea, Pangaea Investment Group,  
10 \$64,656.25. There's a third one, Polanchek, LLC,  
11 \$166,575.00.

12 ALJ STERN: Who was paying him funds?

13 THE WITNESS: According to this, it was Tri-Core  
14 entities.

15 ALJ STERN: So it could have been a mixture of  
16 funds?

17 THE WITNESS: Yes. I'm assuming so, based on  
18 what it says, yes, sir. And this is the first time I  
19 have seen this. And there is also -- I'm sorry.

20 ALJ STERN: And he was the gentleman with the  
21 radio show?

22 THE WITNESS: Yes, sir.

23 ALJ STERN: The Arizona Investment Center show?

24 THE WITNESS: Yes, sir. Yes.

25 ALJ STERN: Okay. Go ahead.

1 BY MS. LUEDTKE:

2 Q. Did any of the Tri-Core entities ever send  
3 Mr. Polanchek on a cruise?

4 A. Not that I'm aware of.

5 Q. If there is a check that has a notation of  
6 sending, of cruise in it, do you have any idea what that  
7 would be if it's made payable to Mr. Polanchek?

8 A. No, ma'am.

9 MS. LUEDTKE: I don't think that I have any  
10 further questions.

11 THE WITNESS: Excuse me. Ms. Luedtke, you said  
12 you wanted to mark something with an evidence sticker?

13 MS. LUEDTKE: Nope.

14 THE WITNESS: Oh, I'm sorry. I misunderstood.

15 ALJ STERN: Mr. Hinkeldey --

16 Do you have any redirect for this --

17 MR. MOGLER: I do.

18 ALJ STERN: Okay. How much?

19 MR. MOGLER: Eight questions.

20 ALJ STERN: Oh, eight questions, okay. Well, I  
21 have a couple of questions.

22

23 EXAMINATION

24 BY ALJ STERN:

25 Q. Mr. Hinkeldey, how did you get involved -- you

1 said you were in the mortgage business?

2 A. Yes, sir.

3 Q. And you worked with some banks?

4 A. Uh-huh.

5 Q. And that's where you met Mr. Mogler at one point  
6 in time?

7 A. Yes, sir.

8 Q. What year was that?

9 A. Oh, boy. It was Eagle Home Mortgage.

10 Q. Approximately.

11 A. Yeah. I'm just going back in my mind. I'm  
12 going to say '06, '05, '06.

13 Q. And that was --

14 A. '04, '05 something.

15 Q. And that was in the Phoenix area, right?

16 A. Yes, it was.

17 Q. Were you both working at this place, Eagle Home  
18 Mortgage at the time?

19 A. Yes, sir.

20 Q. And that became another mortgage company or --

21 A. No. Went over to a new -- the person who ran  
22 the branch, left there and went over to a company known  
23 as, out of Las Vegas, it was --

24 Can I ask Mr. Mogler the name?

25 Q. No. That's all right. If you don't remember,

1 you don't remember.

2 But somewhere in time here, where did Tri-Core  
3 come from?

4 A. Tri-Core was started by Jason Mogler, Tri-Core  
5 Business Development.

6 Q. Was that the first of the Tri-Cores, do you  
7 know?

8 A. I think there might have been, before that, sir,  
9 Tri-Core Lending, but I'm not sure, but I think there  
10 was.

11 Q. And then Tri-Core Engineering, that was  
12 Mr. Gibbons, he was involved in this?

13 A. Yes, sir.

14 Q. But Mr. Gibbons' engineering firm, was it  
15 Tri-Core from the beginning of time? If you know, or --

16 A. As far as I know, yes, sir.

17 And, I'm sorry, the name of the company from Las  
18 Vegas was Republic Mortgage.

19 Q. Okay. So did Mr. Mogler leave this mortgage  
20 company and say to you, come over and be a consultant  
21 with us? How did this work?

22 A. Jason Mogler was at the mortgage company and  
23 requested that I come over and give some help in getting  
24 them on track and grow.

25 Q. Was this in the beginning when they were

1 thinking of buying land in Mexico or --

2 A. No. It was prior to.

3 Q. Prior to. Well, was the Mexico, this Lot 5, was  
4 that the first Mexican venture that you can recall?

5 A. Yes, it is. The one that I was involved with.  
6 Vince Gibbons was involved in other ones.

7 Q. But as far as this case is involved.

8 A. Oh, I'm sorry.

9 Q. Okay. So was Lot 5 the first --

10 A. Tri-Core Mexico Land Development?

11 Q. Right.

12 A. The total parcel 5, yes.

13 Q. That was parcel 5.

14 What was Lot 47? Where did that come along?

15 A. Lot 47 was brought to the, was -- gosh. That  
16 came along, Vince Gibbons brought it to Jason Mogler's  
17 attention of Lot 47, and that's where that came from.

18 Q. And then, wasn't there, there's a Lot 3 also,  
19 right?

20 A. Yes, there is a Lot 3, sir.

21 Q. When did that one wander in?

22 A. That one wandered in, without seeing the PPM in  
23 front of me, I'm roughly going to say, 2010, 2011.

24 Q. So that was a later one?

25 A. I believe so. And without the PPM, I think I'm

1 right on those dates. I'm not sure.

2 Q. Okay.

3 A. To your point, it was Tri-Core Mexico Land  
4 developed the entire Lot 5.

5 Q. Uh-huh.

6 A. Then Lot 47, and then Lot 3, and --

7 Q. Okay. But those were the three Mexican  
8 transactions --

9 A. Well, there was also one --

10 Q. Another one?

11 A. Section 5 of parcel 5 is the one that we were  
12 talking about earlier.

13 Q. Wait. There is Lot 5 --

14 A. The master Lot 5, the total Lot 5.

15 Q. And then there's parcel 5 of --

16 A. Yes, sir. And that's the one that was  
17 referenced in this PPM.

18 Q. And that was a separate transaction then?

19 A. Of the other ones, yes, sir.

20 Q. Okay. Then where did all these ERC companies  
21 come in?

22 A. ERC companies came in after Casimer Polanchek  
23 brought Peter Anthony Salazar.

24 Q. Peter Anthony Salazar is the gentleman from Las  
25 Vegas?

1 A. Yes, sir, correct. C&D Construction.

2 Q. And C&D Construction was a business that I heard  
3 somebody say something yesterday about cleanup of  
4 construction sites?

5 A. Originally, C&D Construction Services, from what  
6 I believe, it was put together in 2000. Originally,  
7 what they were doing, because of the tremendous boom,  
8 and it was great business, what they were doing in Las  
9 Vegas, because it was just going crazy, they were the  
10 company that went in and picked up all the debris at the  
11 job site of new home tract developments. They, in turn,  
12 brought it back to north Owens Street, the yard at north  
13 Owens, and they sorted out everything, and cardboard was  
14 sold and all the reclaimed wood. They had a wood shop  
15 that they did total refurbishing, for lack of a better  
16 word, of, like say, the two by fours, they had a little  
17 shop that they would go strip them down and make them  
18 into housing stakes or roof strips.

19 So C&D Construction Services was always the  
20 cleanup crew at the job site when the house was done.  
21 They broke out the recycled material and either sold it  
22 or reused, or refurbished it. Again, that's not the  
23 right word.

24 Q. Okay. But this Peter Salazar that I have heard  
25 testimony about, he was brought in by Mr. Polanchek to



1 Tri-Core Business Development. Is that how it worked?

2 A. He was introduced to the company yes, he was.

3 Q. And this is about, what year did this fall into,  
4 time frame?

5 A. I'm going to say, sir --

6 Q. Guess.

7 A. -- early 2010.

8 Q. Okay. So this --

9 A. In that range.

10 Q. And then there was -- so Tri-Core Business  
11 Development was going to raise money so C&D could  
12 expand. Was that the plan?

13 A. The original plan was Tony Salazar hired  
14 Tri-Core Business Development, and Tony Salazar was  
15 working with or had a contact in Banco Inbursa, which is  
16 in Mexico City, and they were going to raise money via  
17 Banco Inbursa was going to invest in them to do what is  
18 a -- and it's rather a revolutionary process. What they  
19 were going to do was go in and take all the waste from  
20 the trade shows, and so forth, because it's so varied  
21 when you get that process in there, when you get all  
22 that stuff from the trade shows, there's plastics,  
23 garbage, everything. After all the commodities -- let's  
24 say cardboard was the largest commodity. At that time  
25 cardboard was selling for \$160 a ton. So you took out

1 the cardboard and all that stuff, and what was left,  
2 Tony Salazar was going to create -- and it was a company  
3 in Germany that sold the pelletization, and you would  
4 put all the excess waste after you broke out all the  
5 recyclables, and it's a big international company, very  
6 big in Europe. And that would burn all the products and  
7 reduce the waste from, let's say, 100 percent dump truck  
8 waste, and after it's all recycled, and the waste, for  
9 lack of a better word, goes through this process, you  
10 might have had a bucket full of ash left. So it really  
11 brought all, anything that was brought in the yard,  
12 basically broke everything down 99 percent and made  
13 pellets out of it.

14 Q. There have been a couple of people here, I know  
15 they're not here today, Ms. Huerta and --

16 A. And Javier.

17 Q. Yeah. Are they related to Mr. Salazar?

18 A. Peter, Anthony is their son. Irma's son, not,  
19 Javier is not his father.

20 Q. Okay. All right. So that's their connection to  
21 this thing. I'm just curious.

22 A. Uh-huh.

23 Q. So then with C&D, that again, Tri-Core was going  
24 to raise money for that. That was another PPM, right?

25 A. We were putting it together, not to raise money

1 initially, Tri-Core Business Development was not  
2 initially raising the money. It was structuring the  
3 deal with Banco Inbursa in Mexico City, who was probably  
4 the largest investment banking firm in Mexico. It's  
5 owned by the gentleman who owns Tele Mexico, Tel Mexico,  
6 Telmex or something, Carlos Slim, it's his bank. And we  
7 were dealing with the investment banking side of his  
8 division.

9 Q. Okay. But weren't there some notes, if you're  
10 aware, connected to the C&D dealings with Tri-Core?

11 A. Yes. As there were many meetings with Banco  
12 Inbursa, both in Mexico and also in Miami, that I  
13 personally attended all of them.

14 Q. Uh-huh.

15 A. And it seemed to be dragging on. And Tony  
16 Salazar, at that point, said, you know what, let me  
17 raise money, I want to raise money, and there was a big  
18 controversy, so forth. He wanted to raise money to  
19 start the transformation of C&D Construction Services  
20 from a true construction cleanup at a job site, housing  
21 job site, he wanted to redirect the company and have it  
22 go after the trade shows and the casino hotels, and so  
23 forth.

24 So the money, if money was raised in the  
25 beginning, it was for that.

1 Q. Okay. Then where did ERC come from? How did  
2 that get connected?

3 A. That was Tony Salazar's name. He named it  
4 Environmental Responsible Company.

5 Q. Okay. But there's these two companies that are  
6 named in this proceeding, ERC Compactors, LLC, and ERC  
7 Investment --

8 A. Uh-huh.

9 Q. That's all related to Mr. Salazar --

10 A. ERC Investments was created by Polsinelli and  
11 Shughart, if memory serves me right, and that was never  
12 an operating company.

13 Q. Okay.

14 A. That I'm aware of. It was more a, I'm going to  
15 say, holding company, or a company that maybe held  
16 interest in something else. But I do not remember any  
17 raise in the name of ERC Investments.

18 Q. But then you have --

19 A. It was never an operating company that received  
20 income, to the best of my knowledge.

21 Q. Okay. How about ERC Compactors, LLC?

22 A. Yes. That was going out to capture the segment  
23 of the market for cardboard through Compactors.

24 Q. And there was a PPM for that around 2011, I  
25 guess?

1       A.       I believe so, yes. I know there was a PPM, I'm  
2 just not sure of the exact date.

3       Q.       And there was money, apparently, raised with  
4 notes that way?

5       A.       Yes, sir.

6       Q.       My question is, then there is another one.  
7 There is ERC Nevada. That was another one.

8       A.       ERC Nevada -- I'm sorry?

9       Q.       It was mentioned, but it's not in --

10      A.       Yes. Yes, there was an ERC of Nevada. And I  
11 believe that was the operating entity of Tony Salazar in  
12 Nevada.

13      Q.       Was that -- okay. And then there's ERC Chicago.  
14 How did that get in this? If you know. It's not named  
15 either, but they are involved with ERC something.

16      A.       That was brought in by a gentleman --

17      Q.       Mr. Quinn?

18      A.       Guy Quinn was the owner and operator of, Guy  
19 Quinn owns Sons of Alloy, and later went in and renamed  
20 the company, or started the company new, ERC of Chicago,  
21 LLC. And he was introduced to the company by Casimer  
22 Polanchek.

23      Q.       Oh. He came in -- he introduced what company?

24      A.       Guy Quinn -- and I'm not sure at the time if he  
25 was Sons of Alloy and renamed his company, or started

1 the new company, ERC of Chicago, LLC. So I'm not sure  
2 at which point in time, what company he had.

3 Q. And he owns something now, doesn't he? Does he  
4 own the Salazar company, or something?

5 A. He purchased ERC of Nevada operations. He  
6 purchased that in, I'm going to say, the late winter,  
7 spring, I'm going to say March 2013, he bought that  
8 company.

9 Q. Okay. ERC stands for again, what's that --

10 A. Environmental Responsible Company.

11 And, again, I believe it was March 2013. It  
12 might have been April, but I think it was March.

13 Q. Okay. And --

14 A. Yes.

15 Q. These Mexican land transfers, if I understand  
16 things correctly, Lot 47, who owns that now?

17 A. We do. Being --

18 Q. We --

19 A. I'm going to explain.

20 We do, Jason and I, Vince Gibbons, under the  
21 name of Phoenix Premium Developers, LLC.

22 Q. Okay. And where did the note holders stand on  
23 that, that Lot 47?

24 A. Yes. They have not been paid back yet,  
25 obviously. And I'm not sure if that's your question, if

1 I answered it. If not, let me know.

2 And what we are doing with lot 47 is we are  
3 working with Vernon Penner, which is the attorney that  
4 we use in Mexico. We're working with Vernon Penner to  
5 get them registered on this -- again, I'm going to louse  
6 this up, but just think of the Maricopa recorder -- on  
7 the Mexican register, and that's very similar to the  
8 Maricopa recorder, to get their names added to the  
9 registry --

10 Can you hear me, Stacy?

11 MS. LUEDTKE: Uh-huh.

12 THE WITNESS: Okay. To get the name added to  
13 the registry for protection of the investors, loaners,  
14 or whatever you want to call them.

15 BY ALJ STERN:

16 Q. Note holders.

17 A. Note holders. I'm sorry. Okay. There you go.  
18 Note holders.

19 Q. Okay. Lot, what is it, 3?

20 A. And with 47. Yesterday when we were speaking --  
21 I'm not sure what point in time it came out, but we were  
22 talking about maybe holding -- when you asked, it had  
23 something to do with holding account for the deed -- and  
24 yesterday when Jason and I were talking afterwards. We  
25 said, you know, it might be a great idea, which we will

1 do, is we are going to give it to an attorney to hold  
2 until the, we can get the money to put them on title via  
3 the registry. Not title, but have them on the register.  
4 So thank you for that.

5 Q. Okay. Is it Lot 3 or Lot 30?

6 A. Lot 3.

7 Q. Lot 3. Now, what is the status with that one?

8 A. Lot 3, we were discussing going in -- we are all  
9 going into title on it, and we're hoping to do it in the  
10 next 30 to 60 -- I might be a little bit aggressive on  
11 that date, but that's the target date to get the title  
12 in the name of Tri-Core Companies.

13 And again, one of the things we were discussing  
14 this morning, as a matter of fact, Jason Mogler and  
15 myself, was to do that so the lienholders, the note  
16 holders, I'm sorry, are directly on title with that, via  
17 Tri-Core Companies. Again, I'm going to run that by one  
18 of our attorneys in Mexico, though, to find out exactly  
19 the right way, the best way, I should say.

20 But in the meantime, if they -- they will be on  
21 title, is our goal, in the next 30 to 60 days. And what  
22 we are going to strive to do, as soon as that is done,  
23 we are going to follow the same M.O., and we are going  
24 to give the new deeds to an attorney to have it held.  
25 Again, it's not the greatest protection, but it is some



1 protection. It's better than it is now.

2 Q. To be held by an attorney in Mexico?

3 A. Oh, no. Here in the States. I think that would  
4 make everybody much more comfortable.

5 Q. And you say the Lot 47, that's the similar  
6 situation that you're trying -- that's the one where the  
7 names, in order to get them transferred on to the deed,  
8 would cost about 25,000 --

9 A. Oh, not on to the deed, sir, on to the registry.  
10 Yes, it would cost in excess of 25,000 for them to  
11 enter, there's a -- again, I will make an analogy to the  
12 States -- lienholders. That's a minimum of 25,000 plus  
13 other fees. So I'll round it up. From what I  
14 understand, 28 to 30,000.

15 Q. Okay. But even if their names are on it, as far  
16 as -- and then we're still back to Lot 5 and parcel 5.  
17 And parcel 5 really is not anywhere yet. It's still out  
18 there.

19 A. The large land, the total.

20 Q. The Lot 5 is?

21 A. Right. The total lot, all of them, yes.

22 Q. All five parcels. That's, is that --

23 A. That's still in litigation.

24 Q. All right.

25 A. And that is the one that Jim Stevens addressed.

1 Q. And then there's parcel 5 of Lot 5. That's sort  
2 of being fought over. Is that --

3 A. No, it's not. To the best of my knowledge, it's  
4 not being fought over, sir. As I sit and speak here, it  
5 is -- because it was in dispute, the total, again, I'll  
6 call it Lot 5 as compared to the smaller parcel 5. The  
7 Lot 5, because of Lot 5 in dispute, people have been  
8 working with Jim Stevens to get Lot 5 completed. Jim  
9 Stevens kind of took control of that, because,  
10 basically, it has to do with him getting his total Lot 5  
11 done.

12 One of the things that Jason and I were talking  
13 about is maybe bringing those people over and putting  
14 them in a better one, because -- I'm just being  
15 honest -- that we can bring them over to maybe Lot 3 or  
16 lot, maybe Lot 3 to have them more secured than fighting  
17 on Lot 5, to take care of those people. I don't know  
18 how many people are on parcel 5.

19 Q. All of these particular real estate areas,  
20 they're all in this area to the north and west of Rocky  
21 Point?

22 A. On the upper coast, yes, sir.

23 Q. Of the Sea of Cortez?

24 A. Between El Golfo and Rocky Point, where the Sea  
25 of Cortez kind of does a little U.

1 Q. And there's a highway there that wasn't there  
2 before.

3 A. Correct. The new highway, yes, sir.

4 Q. And hopefully development will take place  
5 somewhere in the next century, or this century.

6 A. Yes. And I was talking to our attorney, I had  
7 breakfast with him when he was in the States, Vernon  
8 Penner, and one of the things we were discussing,  
9 because I kind of lean on Vernon since he is in Mexico  
10 all the time, I asked him kind of what the status of  
11 Mexico, as far as the drug wars and so forth, now that  
12 the new party is in, it's either the PRI or the PAN, I  
13 forget, the two big outfits in Mexico. And he said now  
14 that the old party is back in power, the president is in  
15 there for a period of six years, now that the new  
16 party -- the president resigned and was replaced, voted  
17 in, by the party that was always the most popular; I'll  
18 say like Democrat versus Republican. And now that  
19 they're back in, things seem to be quieting down  
20 regarding all the news and so forth about the drug wars.  
21 And one of the reasons that may be is the old party that  
22 is now back in the power, traditionally, from what I  
23 understand, always had a habit of kind of looking the  
24 other way.

25 Q. So ultimately if --

1 A. And may I add one other thing?

2 Q. Yes, sir.

3 A. There was always, and it was delayed, but there  
4 is a new cruise port that has been on the board for  
5 quite a while, and it's all the, all the, a couple of  
6 the, like Cunard, or whatever those types of outfits,  
7 very big internationally known, cruise companies, from  
8 what Vernon Penner told me, they are moving forward with  
9 the cruise port there. So it will be a destination spot  
10 for cruises, inside and out of the Sea of Cortez. So  
11 that's all very positive news.

12 Q. I mean, there's a lot of money tied up by a lot  
13 of investors in these --

14 A. Yes.

15 Q. -- various offerings, but --

16 A. Yes, sir.

17 Q. -- this real estate seems to be, maybe it will  
18 get some people their investments back plus at least a  
19 portion of their interest.

20 A. Absolutely, sir. And I know yesterday we were  
21 kind of talking, when you were asking about the  
22 compounding and stuff. I have never, in all my  
23 discussions with the investors, some of them will go,  
24 well, it's going to be 60 percent or 40 percent,  
25 whatever the note is, so you're going to pay me that. I

1 said no. We are going to pay you minimally the, your  
2 investment plus, probably a small return. Do not  
3 believe that it's either going to be 60, 40, whatever.

4 So we have been very up front with them, not  
5 making them think that we are going to wait till that  
6 property appreciates, because that would be just off the  
7 charts.

8 Q. How many investors are there in these various  
9 properties?

10 A. Top of my head, sir, I don't know.

11 Q. Do you know how much money total was invested  
12 with these notes?

13 A. 1.5, I believe was --

14 Q. That's just --

15 A. Lot 47.

16 Q. Oh, yeah.

17 A. Lot 3, I believe is 3 million, 3 million 5,  
18 something like that.

19 Q. And how about Lot 5?

20 A. That I don't know. I'm very comfortable with  
21 Lot 47. Lot three, I'm somewhat comfortable saying  
22 3.6 million, give or take.

23 Q. How about things like C&D and ERC?

24 A. I'm -- C&D and ERC, one of the reasons we sold  
25 the operation to Guy Quinn was the company was brought

1 from a very small place that did, maybe, one or two  
2 trade shows in all of Las Vegas. I'm very proud of the  
3 fact that within the year we had C&D, or ERC, as I call  
4 it now, became, and I'm so proud of these guys, we  
5 became the largest, the biggest vendor, for lack of a  
6 better word, to all the major outfits that did all the  
7 trade shows, and so forth, in Las Vegas. And one of  
8 them is GES, Global Expedition Services. They're out of  
9 the Paris, probably the largest in the world to do  
10 events and so forth. They take care of everything. If  
11 you go to a trade show, you see the rugs and so forth,  
12 it's either GES or another company known as Freedman,  
13 and I believe they're out of Miami. So we took the  
14 little company, next to nothing, and we brought them to  
15 where they were getting all the, all the -- we were  
16 getting all the contracts, events along the Las Vegas  
17 strip and all the major hotels.

18 We also brought -- and this is very longwinded  
19 answer, but I believe it's the only way I can answer,  
20 I'm comfortable with what I'm going to say. We also  
21 were able to bring one or two casinos, I forget the big  
22 one there, but we got some of their recyclables too,  
23 where before, it was against Republic Services and so  
24 forth, and we went against them.

25 So in addition to having the majority of the

1 trade shows, and again, that's very heavily weighted  
2 towards the nonsummer months there, for obvious reasons,  
3 we got most of those contracts, or a majority of them.  
4 And they're not contracts. They never give you a  
5 contract. It's earn as you go. So it's called a work  
6 order. They will not give you a long term contract, for  
7 obvious reasons. Great move; they keep you hustling.  
8 Our guys were great. And because of them, we always got  
9 the contract day after day for, I going to say a  
10 majority of the shows.

11 So we had that. We had the other casino, it's a  
12 big one. And then also, it was probably one of the  
13 first times a company known -- RockTenn Resources, which  
14 is probably one of the top three companies. It's  
15 publicly traded. And what they do is they buy  
16 recyclables and then they go and they make things,  
17 picture frames, and they make sheetrock, and so forth.  
18 And they are probably one of the top three companies in  
19 the country that do that.

20 They wanted to go down a new avenue for revenue  
21 to kind of split the fingers of their income. Because  
22 they would always bid against this person, or like  
23 David, another person, David. He was from Los Angeles,  
24 and you would have to bid against David's price, because  
25 everything, 90 percent of the stuff goes to China. So

1 you always bid on it. RockTenn would keep it here. And  
2 they have their plants here, and I believe maybe one in  
3 Mexico. But I know they're in Virginia, and so forth;  
4 very big in the states.

5 So maybe RockTenn, at times, was at a  
6 disadvantage because of pricing against China. That's  
7 where all our cardboard went was to China. And we had  
8 to give a little to, we always gave some to RockTenn.  
9 We were the first with RockTenn, that I know of, and  
10 extremely proud of this. RockTenn contracted with ERC  
11 to provide 365 days a year, 24 hours a day, labor at the  
12 docs, where they would actually do the sorting of all  
13 the materials.

14 So ERC then had three different fingers, plus  
15 whatever came in on the yard. They had four different  
16 sources of income at this point, because they would also  
17 be receiving -- and it did not matter on the commodity  
18 prices. For example, cardboard was \$160 a ton. It's  
19 now, it's fluctuated, but now we had another source of  
20 income that did not depend on commodities. We were  
21 actually paid, it was a labor contract, to do the  
22 sorting at the yard. And the one -- there were two  
23 casinos, one is the Hard Rock. I think the second one  
24 that was signed was the Palms Casino. And then we were  
25 in discussion to sign 11 of the Station Casinos, as well



1 as, I think there are like 16 of those. I know there  
2 were discussions in there.

3 So longwinded answer, longwinded way to get your  
4 answer, I apologize. But Guy Quinn -- we fired Tony  
5 Salazar because of lying and so forth, and he was gone.  
6 And that was early 2013, as I remember. And Guy Quinn  
7 is very experienced in commodities, and Guy always  
8 wanted to be involved in Las Vegas. I know Jason Mogler  
9 spoke to Guy Quinn, and Guy Quinn had a very big  
10 interest in going there. And the deal was struck for  
11 him to buy ERC of Nevada.

12 Q. Which controlled the other two ERC companies,  
13 the Compactors and --

14 A. Yes, sir.

15 Q. -- and ERC Investments.

16 A. Again, ERC Investments, I never remember that as  
17 a working entity.

18 Q. But --

19 A. To the best of my knowledge.

20 Q. But ERC Compactors, LLC --

21 A. And ERC of Nevada, LLC, which had the contracts  
22 with the casinos and so forth.

23 Q. Uh-huh.

24 A. So when Guy saw the capabilities, or the  
25 expansion that Nevada was experiencing, it was a natural

1 to me, it was a natural choice for Guy Quinn, because he  
2 is in Chicago and there is some of the largest  
3 convention centers there as well. So that could serve  
4 as a springboard for Guy to go from Las Vegas with  
5 RockTenn, which is international, into Chicago and  
6 provide the same services.

7 So Guy found it very interesting. He came in.  
8 He did his due diligence, had his accountants and  
9 attorneys look at things, and our attorney drew up the  
10 contract, and he signed it. And I said it is the best  
11 interest of everybody, to me, that Guy Quinn did that,  
12 because that's what -- he's a commodity broker and so  
13 forth. He has a yard there. He's very familiar with  
14 ERC Nevada, and he had a great relationship with, I  
15 believe the guy's name is Danny, from RockTenn, and he  
16 could really help grow that. If he ever got the other  
17 eight casinos, I'm not quite sure, but everything was  
18 there for him to spring.

19 Q. So that --

20 A. The long and short of it is the company is still  
21 in operation, and Guy is still there, and he is also  
22 very experienced --

23 Q. I --

24 A. I'm sorry.

25 Q. I think I saw someone had a note, I don't know

1 where this note was, but I saw something about the note  
2 had been taken over or assumed by ERC of Chicago, I  
3 thought.

4 A. Yeah. What Guy did is he took over, satisfied  
5 the debt. Jason and Guy were speaking to all the  
6 investors.

7 Q. Uh-huh.

8 A. And Jason, especially Jason, explained the whole  
9 situation, where we were and so forth. And a lot of the  
10 drainage that went on with Irma, they were aware of  
11 everything, the investors; the drainage being the cost  
12 of the litigation with Irma. I'm going to say off the  
13 top of my head we had to be pushing in excess of -- I  
14 know one month we got a bill from Polsinelli, \$98,000.  
15 And that was going on for quite a few months. So that  
16 was very draining.

17 All the investors were always aware of that.  
18 And so Jason spearheaded talking to the investors,  
19 explaining why it was, why Guy Quinn was interested in  
20 it. Discussed with the investors. They thought it was  
21 a great thing. From what I understand, they understood  
22 the logic, and they agreed to satisfy the existing notes  
23 and understood why Guy was reissuing them at a lesser  
24 amount.

25 Q. And did all the investors in that ERC Compactors

1 accept the new notes?

2 A. To the best of my knowledge, yes, sir. I think  
3 everybody did across the board. ERC Nevada, and so  
4 forth. In fact -- yes, they did. I'm 99 percent  
5 positive.

6 ALJ STERN: Does the Division have information  
7 about that?

8 MS. LUEDTKE: That's part of the Wisconsin  
9 investors we were talking about before.

10 MR. MOGLER: The notes --

11 MS. LUEDTKE: You're welcome to put them all  
12 into evidence.

13 THE WITNESS: That's the sticky point.

14 ALJ STERN: Okay. So there are some people that  
15 aren't in this case. We only have that one or two  
16 investors from Arizona.

17 Is that what the story was?

18 THE WITNESS: One was Mark Sherman, I believe.  
19 Oh, I'm sorry. I shouldn't answer the question.

20 MS. LUEDTKE: I think we have summary exhibits,  
21 and you're asking about -- ERC Compactors has one, two,  
22 three, four, five, six, seven, eight, nine -- nine  
23 investors, and then one invested twice, so it's ten  
24 investors.

25 And then -- I would have to pull up C&D

1 Construction. I don't have that right in front of me,  
2 unfortunately.

3 ALJ STERN: Okay. I'm just curious.

4 MS. LUEDTKE: We don't have an ERC of Nevada  
5 offering at issue in this hearing.

6 ALJ STERN: I know. We have an ERC Compactors.  
7 But I'm wondering, you know, in terms of what the  
8 Commission ultimately does, how can they order  
9 restitution, or rescission, if it's -- I'm not sure that  
10 the people are satisfied is what I'm saying.

11 MS. LUEDTKE: That was going to be my question,  
12 because we had multiple investors testify, that are ERC  
13 Compactor investors, who have said they have not been  
14 paid in full.

15 ALJ STERN: Okay. Well, that's true but even  
16 from what he said --

17 MS. LUEDTKE: Correct.

18 ALJ STERN: -- that they apparently entered into  
19 some notes with the new owner of --

20 MS. LUEDTKE: They may have transferred them.  
21 But under the securities laws, that doesn't take them --  
22 that may, under contract law, get them off the hook, but  
23 it doesn't get them off from a securities standpoint.  
24 And I can brief that for you.

25 ALJ STERN: Well, you know, I understand what

1 you're saying --

2 MS. LUEDTKE: If, in fact, ERC of Chicago pays  
3 the investors, I believe that that would reduce the  
4 restitution owed. I'm not saying we wouldn't give  
5 credit for anything that they paid.

6 ALJ STERN: Right. I mean, it's a real unusual  
7 situation, what is going on here.

8 MS. LUEDTKE: Well, and you note that one of the  
9 things that came into evidence is that these were  
10 entered in 2013, so right during the pendency of this  
11 action.

12 ALJ STERN: Right.

13 MS. LUEDTKE: Which is convenient.

14 MR. MOGLER: They were aware of --

15 ALJ STERN: Wait. Mr. Mogler, if you want to  
16 testify, you'll get a chance.

17 Okay. I think I have more or less got as much  
18 as I wanted to get from you, Mr. Hinkeldey. Thank you.

19 MS. LUEDTKE: Is there anyway I can ask just a  
20 couple more questions before we go --

21 MR. MOGLER: Excuse me, Your Honor. It's my  
22 turn to ask --

23 ALJ STERN: You'll get your turn.

24 MS. LUEDTKE: Just because we kind of went a  
25 little --

1 ALJ STERN: Beyond.

2 MS. LUEDTKE: -- far afield. I just have a few  
3 questions.

4 ALJ STERN: Okay. Go ahead.

5 MS. LUEDTKE: It won't take more than a couple  
6 of minutes, and then Mr. Mogler can ask all he wants.

7 ALJ STERN: Okay. You'll get yours, Mr. Mogler.

8

9 RECROSS-EXAMINATION

10 BY MS. LUEDTKE:

11 Q. Judge Stern had asked you some questions about  
12 Lot 5 and the status of that. I know we have talked  
13 about that ad nauseam.

14 A. Yes.

15 Q. And it's tied up in title issues or in  
16 litigation in Mexico --

17 A. Yes.

18 Q. Correct? Okay.

19 So the parcel 5 of Lot 5, which was one of the  
20 offerings by Tri-Core Companies --

21 A. Yes.

22 Q. -- that is also at issue in that litigation as  
23 well, correct?

24 A. Yes, it is.

25 Q. And were you here for Mr. Stevens' testimony

1 that it's going to take over another -- it is going to  
2 take additional money --

3 A. Uh-huh.

4 Q. -- 1.4 million, approximately, to purchase Lot  
5 5, if in fact that title issue is cleared?

6 A. I don't remember that, but I believe -- I'll  
7 take your word for it.

8 Q. Okay. Do you have any reason --

9 A. I just don't remember the numbers.

10 Q. Do you have reason to dispute that?

11 A. No, I don't. Jim is involved with it. He would  
12 know.

13 Q. Are you -- you indicated to me that Tri-Core  
14 Companies currently doesn't have any assets, correct?

15 A. Correct.

16 Q. And then you were talking about --

17 A. Excuse me. We do have the assets, but it's the  
18 land. I said we're cash poor.

19 Q. Correct. Cash poor. That's fine.

20 And then Judge Stern also asked you about Lot 3.  
21 And I think I was confused about Lot 3 yesterday --

22 A. Yes.

23 Q. -- and I'm still confused after Judge Stern's  
24 questions.

25 A. Yes.



1 Q. So Lot 3 has been purchased?

2 A. Lot 3 is in contract. And, as I said yesterday,  
3 and hopefully I wasn't too aggressive in my time table,  
4 Ms. Luedtke, I'd like to clear that up.

5 Right now we are shooting to have that in title  
6 under the name of Tri-Core Companies within the next 30  
7 to -- I might have said 60 days yesterday. That might  
8 have been aggressive. I was thinking more state, not  
9 Mexico. And I'm not slamming Mexico. So I'm saying the  
10 next zero to 90 days, we are pushing to get that in  
11 title.

12 Q. And my question to you was, in terms of  
13 security, because you have to own this parcel under the  
14 Mexican corporation that we talked about earlier, not  
15 necessarily Phoenix Premium Developers, you can create  
16 another one, correct?

17 A. An S. de R.L., correct, we could. Or, as I --  
18 I'm sorry. I'll let you finish.

19 Q. That was going to be my question.

20 Do you intend to take title under another Mexico  
21 corporation?

22 A. Yes. And yesterday, maybe I was very  
23 longwinded, and I apologize for that. I tend to do  
24 that.

25 We could do it one of two ways.

1 Q. Well, I want to know how you intend to do it.

2 A. Well that's what I'm answering, that's what I'm  
3 trying to answer.

4 Q. Okay.

5 A. We could either do a Mexican S. de R.L., which  
6 will take much longer, but, as I said yesterday, the  
7 fastest way to perfect title, in my own world, is to  
8 have Sylvia Torres, who is the, who is on Lot 3 now --  
9 and she is the principal in Lot 5. So she has an  
10 obligation, as well as she is aware of that, because Jim  
11 Stevens and her, and Jim spoke to her, and it's my  
12 understanding, I was not there when he spoke to her,  
13 but --

14 Q. I don't want to know about your discussions --

15 A. Yes, I know. I'm sorry.

16 Q. I just want to know --

17 A. I'm trying --

18 THE REPORTER: I'm sorry. You don't want to  
19 know what?

20 BY MS. LUEDTKE:

21 Q. I don't want to know about those discussion. I  
22 just want to know about the title options.

23 So a Mexican corporation, and then you're  
24 talking about Ms. Torres as the other option. What is  
25 that?

1       A.       She is, as I said yesterday, she's a Mexican  
2       national, so she is allowed to own anywhere in Mexico.  
3       And we would go on title with her on Lot 3, Tri-Core  
4       Companies. And as a Mexican national, she's allowed to  
5       own it. So it would be considered a joint venture,  
6       maybe, or something like that. But we could go on  
7       title, I believe, with Sylvia Torres. And that's why  
8       I'm checking with our attorney.

9       Q.       So it would be Ms. Torres and Tri-Core  
10      Companies?

11      A.       In my mind, yes. But, again, I have to check  
12      that with an attorney. I am not an attorney qualified  
13      to even come close to that, especially in Mexico.

14      Q.       So you don't know if you can get past the -- or  
15      essentially create a loophole for U.S. LLCs owning the  
16      corporation just by adding a Mexican citizen?

17      A.       I don't call it a loophole, but you can if you  
18      may. It is --

19      Q.       Do you have any basis for what you're saying can  
20      actually happen?

21      A.       No. As I said, I have to talk to our attorney.

22      Q.       Okay.

23      A.       And this came up, really, in the last day or two  
24      Jason and I were talking about it.

25      Q.       And you don't -- Mr. Penner is not here to give

1 us an --

2 A. He is in Mexico. I can call Vernon, and I do  
3 call Vernon.

4 Q. The Mexican corporation that you said you were  
5 going to put Tri-Core under, if you go that route,  
6 correct -- Tri-Core Companies you said would be part of  
7 the Mexican corporation for Lot 3?

8 A. Yes.

9 Q. Okay.

10 A. I believe --

11 Q. I thought that was something that your attorney  
12 advised against in terms of Lot 47, because you used  
13 TCC1 and TCC2 for that and --

14 A. Uh-huh.

15 Q. Just go ahead.

16 A. Mr. Penner advised that we could put people  
17 in -- and, again, remember it's -- and I'm really trying  
18 to answer your question, and I'm going to have to be  
19 repetitive, and I apologize. But Mr. Penner advised,  
20 because it's an S. de R.L., and because Jason and I are  
21 not, or Vince Gibbons, are not Mexican nationals, the  
22 only way that can be, the S. de R.L. can only have two  
23 Arizona, have two LLCs; it doesn't have to be Arizona.  
24 But Mr. Penner and I said, great, can we just put people  
25 on in one of the American, because none of them are

1 Mexican nationals, can we just put them into a new LLC,  
2 or add them to one of the existing ones. He goes, you  
3 can do that, however, he goes, you could, it's not the  
4 greatest protection for the investors. And I agree with  
5 him wholeheartedly.

6 Q. Why?

7 A. Jason and I could go to Mexico, sell the  
8 property, and never come back to the states. The S. de  
9 R.L. does not have to pay.

10 Q. You can do that now with TCC --

11 A. Exactly. And we did not do that. Nor is it our  
12 intention.

13 Q. Okay. That's what I'm trying to figure out --

14 A. We could have done that two years ago.

15 Q. For security purposes -- this is what I'm  
16 getting at -- these investors were promised security.

17 A. Yes.

18 Q. Okay. And if you go forward and actually  
19 purchase Lot 3, using the Mexican corporation with  
20 Tri-Core Companies, how do they get security?

21 A. They will actually be on title, and we are going  
22 to, that's where -- I can get back to you on it.

23 Q. I'm here today for hearing.

24 A. I understand that, ma'am. I do. But I cannot  
25 tell you, because I have not talked to our attorney. So

1 I don't want to say something that I'm not qualified to  
2 comment on.

3 Q. Okay. Then just to make it clear. You don't  
4 know that even putting Tri-Core Companies on the Mexican  
5 corporation would give any investors security in Lot 3?

6 A. For a fact, no, I don't.

7 Q. Okay.

8 A. Simplistically, yes, I do.

9 Q. With respect to your testimony that you just  
10 gave Judge Stern with --

11 A. Yes.

12 Q. -- ERC Compactors and C&D, you indicated that  
13 it's been very successful, that it's had a lot of  
14 contract with casinos, they've had a lot of contracts  
15 with casinos pulling in revenue.

16 A. The ERC Nevada, yes.

17 Q. Okay. And those companies come under the  
18 blanket of ERC Nevada, according to your testimony.

19 A. No. That was purchased -- they come under ERC  
20 Chicago.

21 Q. Okay. They're all one in the same, though, in  
22 terms of revenue; they're all revenue generating  
23 companies.

24 A. I guess they are now, since Guy Quinn, yes.

25 Q. Okay. Why haven't they been paid in full then?

1       A.       I cannot answer that. I know Guy Quinn recently  
2 put out a letter to the investors saying that everything  
3 is great. And I did not receive that. Jason received  
4 it from one of the investors. I cannot comment to that.  
5 I haven't spoken to Guy in quite a while.

6       Q.       And you don't have any documentation that shows  
7 current payments to investors?

8       A.       No. Other -- no, I don't. No. It's Guy  
9 Quinn's company. We have nothing to do with it.

10               MS. LUEDTKE: I don't have any further  
11 questions.

12               ALJ STERN: Okay. Let's take a break for about  
13 ten minutes, and we will come back for some redirect by  
14 Mr. Mogler.

15               (Recess taken from 2:16 p.m. to 2:29 p.m.)

16               ALJ STERN: Okay. We're back on the record.

17               Mr. Mogler, we left off with you. You have some  
18 questions for redirect, you said.

19               MR. MOGLER: I only have one, Your Honor.

20               ALJ STERN: Only one?

21               MR. MOGLER: Yeah. You, you squashed them in  
22 your questioning, so --

23               ALJ STERN: Okay.

24               MR. MOGLER: You took care of that for me.

25 Thank you.

1 ALJ STERN: Okay.

2

3 REDIRECT EXAMINATION

4 BY MR. MOGLER:

5 Q. Just a real quick one, Jim.

6 On Alternative International Investments, how  
7 did that relationship evolve, or how was it created?

8 ALJ STERN: What is it?

9 MR. MOGLER: That's the FINRA, brokers out of  
10 Wisconsin. We brought it up in the hearing earlier.

11 MS. LUEDTKE: The referral fees.

12 MR. MOGLER: The referral fees.

13 ALJ STERN: Oh, okay.

14 Go ahead.

15 THE WITNESS: It was introduced -- Casimer  
16 Polanchek introduced them to Tri-Core Companies.

17 MR. MOGLER: No further questions, Your Honor.

18 ALJ STERN: Anything else?

19 MS. LUEDTKE: I have one rebuttal witness, but  
20 I'm done.

21 ALJ STERN: Okay. Are you going to take the  
22 stand?

23 MR. MOGLER: I'm done.

24 ALJ STERN: You're done?

25 MR. MOGLER: I'm done.



1 ALJ STERN: You decided you didn't want to  
2 testify.

3 MR. MOGLER: Not today, no, sir.

4 ALJ STERN: Not today. Okay.

5 And how long is your rebuttal witness going to  
6 take?

7 MS. LUEDTKE: Five minutes.

8 ALJ STERN: That sounds wonderful. Makes you  
9 feel good, doesn't it?

10 All right. Do you want to call your rebuttal  
11 witness?

12 Sir, you can step down.

13 MS. LUEDTKE: The Division calls Jessica Hogan.

14

15 JESSICA HOGAN,

16 Called as a rebuttal witness on behalf of the Securities  
17 Division, having been first duly sworn by the Certified  
18 Reporter to speak the truth and nothing but the truth,  
19 was examined and testified as follows:

20

21 DIRECT EXAMINATION

22 BY MS. LUEDTKE:

23 Q. Can you state your name for the record?

24 A. Sure. Jessica Hogan.

25 Q. Ms. Hogan, do you --

1 ALJ STERN: Don't speak to closely.

2 BY MS. LUEDTKE:

3 Q. You already gave testimony in this hearing,  
4 correct?

5 A. I did.

6 Q. You are an investor with Tri-Core Companies; is  
7 that correct?

8 A. That's correct.

9 Q. And you invested in an -- I will actually bring  
10 out your investment documents so you're not testifying  
11 off the top of your head.

12 S-187, if you could give that to her.

13 S-187, is that your investment documents for  
14 your investment with Tri-Core Companies?

15 A. Yes.

16 Q. All right. And that is the June 1st, 2010  
17 private placement, according to the second page? It has  
18 the date at the bottom of the page, correct?

19 A. Well, I invested prior to June 1st -- or that  
20 was 2010.

21 Q. Just the second page. I'm just looking for the  
22 date of the private placement that you invested in. You  
23 may have invested later than that.

24 A. Right.

25 Q. But if you look at the second page.

1 ALJ STERN: Right at the bottom there, there is  
2 a date.

3 THE WITNESS: Right. June 1st, 2010.

4 BY MS. LUEDTKE:

5 Q. Okay. And that was for some land in Mexico,  
6 correct?

7 A. Correct.

8 Q. How did you initially learn about this  
9 investment?

10 A. I got invited to come to a meeting at Tri-Core  
11 Companies.

12 Q. Okay. And who invited you to that meeting?

13 A. Casimer invited me.

14 Q. What is his last name?

15 A. Polanchek.

16 Q. Okay. And did you know Casimer before you were  
17 invited to go to a meeting?

18 A. Yes.

19 Q. How did you know him?

20 A. I met him at a strip club.

21 Q. Okay. And other than meeting him at a strip  
22 club, had you had any other encounters with him?

23 A. We went to lunch once. Then he offered to pay  
24 for his Personal Success Institute Seminar that I went  
25 to. And he said, if I pay for this, will you pay

1 forward and pay for it for somebody else. So I did  
2 that. I paid for my girlfriend to go. So that was like  
3 three encounters. And then we met at Tri-Core another  
4 time. And then following that, we met one time, I  
5 think, at Camelback Inn Resort, and we sat outside. And  
6 then Jason was there too with another friend of his.

7 Q. And Jason is -- do you know his last name?

8 A. Jason Todd Mogler.

9 Q. Okay. And have you ever had a romantic  
10 relationship with Mr. Polanchek?

11 A. No.

12 Q. Has he ever been to your home?

13 A. No.

14 Q. Have you ever gone on a date with him?

15 A. No.

16 Q. The money that you invested with Tri-Core  
17 Companies, that was \$10,000?

18 A. Correct.

19 Q. Where did that money come from?

20 A. That was part of the money that I had made  
21 working, and part of it was from treasury bonds that my  
22 grandmother had given to me.

23 Q. Did Mr. Polanchek lend you the money to make the  
24 loan?

25 A. No, he did not.

1 Q. Have you ever written a book?

2 A. No, I have not.

3 MS. LUEDTKE: I don't have any further  
4 questions.

5 ALJ STERN: Any questions, Mr. Mogler?

6 MR. MOGLER: I -- no.

7 ALJ STERN: Okay.

8

9

EXAMINATION

10 BY ALJ STERN:

11 Q. And you invested in land in Mexico?

12 A. That's correct.

13 Q. Which project was it, do you know?

14 A. I believe it's 3.

15 Q. Lot 3?

16 A. Yes.

17 Q. Okay. And you haven't gotten any money back,  
18 right?

19 A. No, I have not.

20 Q. Okay. And you invested after June 1st, 2010.  
21 Was it in 2010?

22 A. It was March 2011.

23 Q. March 2011. Have you signed, or has anyone  
24 asked you to sign, any extensions or anything?

25 A. No.

1 Q. And what interest rate were you supposed to  
2 earn?

3 A. 40 percent.

4 Q. And in what, 24 months?

5 A. That's correct.

6 ALJ STERN: Okay. I don't think I have any  
7 questions.

8 MS. LUEDTKE: I just have one quick follow up to  
9 one question you asked.

10

11 REDIRECT EXAMINATION

12 BY MS. LUEDTKE:

13 Q. Jessica, you indicated your investment was in  
14 Lot 3. Did you know that at the time you invested?

15 A. I did not.

16 Q. When did you learn that?

17 A. Today.

18 Q. Okay. So the Mexican land that you were  
19 investing in was never designated to you by a property  
20 address or a lot number at the time of your investment?

21 A. No. Nor was I ever given a title or a deed, or  
22 anything like that, to the property.

23 MS. LUEDTKE: No further questions.

24 ALJ STERN: Anything else, Mr. Mogler?

25 MR. MOGLER: Yeah.

1 CROSS-EXAMINATION

2 BY MR. MOGLER:

3 Q. Your level of education, please?

4 A. I have a master's in industrial and  
5 organizational psychology.

6 Q. And you were aware of fact that the investment  
7 was for land in Mexico; is that correct?

8 A. That's correct.

9 Q. And the area, were you aware of the area that  
10 they were --

11 A. In or around Rocky Point.

12 MR. MOGLER: All right. Thank you. No further  
13 questions, Your Honor.

14 ALJ STERN: Okay. Thank you, ma'am.

15 Okay. Any more witnesses?

16 MR. MOGLER: No, sir.

17 MS. LUEDTKE: No, Judge.

18 ALJ STERN: Thank you.

19 Okay. You could make closing statements, if you  
20 wish, but you also have an opportunity to file some  
21 briefs, so...

22 MS. LUEDTKE: From our perspective, given the  
23 volume, I would be here for a while with a closing. So  
24 I'll reserve it for the briefs.

25 ALJ STERN: I was going to say, probably about

1 three weeks.

2 Mr. Mogler, did you want to make a closing  
3 statement or file your own brief?

4 MR. MOGLER: I'll file my own brief.

5 ALJ STERN: Okay. Today is March 8th -- March  
6 8th -- May 8th. And I'm thinking, how about if I give  
7 you until, let's say -- I'll tell you what. I'll give  
8 you till -- if I ever get to July -- I'll give you till  
9 the first week of July, July 3rd, before the, you know,  
10 right before the 4th.

11 MS. LUEDTKE: Could we have also response  
12 briefs, just so I don't have to address defenses and  
13 exemptions in my original brief?

14 ALJ STERN: Yes. I'd say file a reply -- any  
15 replies be filed by the 25th of July. Can you do that?

16 Okay. Anything else at all? I think all of the  
17 exhibits have been addressed, I'm trusting. We have  
18 gone through about 25 for you, Mr. Mogler. I think  
19 whatever ones there were that were to be admitted, we  
20 admitted, and a couple of them were disregarded. And  
21 the Division has just a couple of exhibits 270 -- 271.

22 MS. LUEDTKE: Around there, yeah.

23 ALJ STERN: Okay. And that's it. Thank you.

24 (The hearing concluded at 2:40 p.m.)

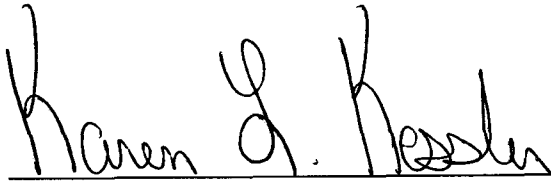
25



1 STATE OF ARIZONA )  
2 COUNTY OF MARICOPA ) ss.

3  
4  
5  
6  
7 I, KAREN L. KESSLER, RPR, Certified Reporter  
8 No. 50821 for the State of Arizona, do hereby certify  
9 that the foregoing printed pages constitute a full, true  
10 and accurate transcript of the proceedings had in the  
11 foregoing matter, all done to the best of my skill and  
12 ability.

13  
14 WITNESS my hand this 22nd day of May, 2014.

15  
16  
17  
18  
19 

20 KAREN L. KESSLER, RPR  
21 Certified Reporter  
22 Certificate No. 50821  
23  
24  
25